

VZCZCXRO7058  
OO RUEHBW RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR  
DE RUEHRO #0523/01 1151404  
ZNY CCCCC ZZH  
O 241404Z APR 08  
FM AMEMBASSY ROME  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0230  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE IMMEDIATE  
RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 1298  
RUEHMIL/AMCONSUL MILAN IMMEDIATE 9367  
RUEHFL/AMCONSUL FLORENCE IMMEDIATE 3025  
RUEHNP/AMCONSUL NAPLES IMMEDIATE 3175  
RUEHBS/USEU BRUSSELS IMMEDIATE 4624  
RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 ROME 000523

SIPDIS

SIPDIS

DEPARTMENT FOR P, EEB DAS HENGEL,

E.O. 12958: DECL: 04/24/2018

TAGS: [ECON](#) [EFIN](#) [IR](#) [IT](#)

SUBJECT: EEB DAS HENGEL PUSHES FOR MORE ROBUST ITALIAN  
SUPPORT FOR EU/IRAN ACTIONS

REF: DELARE-NEMROFF 4-22 EMAIL

ROME 00000523 001.2 OF 002

Classified By: Econ Counselor William R. Meara  
for Reasons 1.4 (b) and (d).

1.(C) Summary: On April 23, visiting EEB Deputy Assistant  
Secretary Doug Hengel raised with Italian Deputy Political

SIPDIS

Director Filippo Formica Italy's disappointing performance at the April 18 Iran discussions at the PSC in Brussels. While thanking the USG for their role in providing a mechanism for Italy to consult on Iran negotiations, Formica said Italy is fully committed to a "robust" implementation of UNSCR 1803 at the EU. Formica said Italy would soon call a meeting with the EU 3 to discuss a way forward, but offered little on concrete measures Italy would take to promote additional sanctions or measures at the EU. Formica was surprised to learn that Italy balked at including the Financial Action Task Force (FATF) advisory as part of EU Common Position and said he would look into it. End Summary.

12. (C) Formica effusively thanked EEB Deputy Assistant  
Secretary Doug Hengel for the USG's efforts to include Italy

SIPDIS

in consultations on Iran. He portrayed recent Italian maneuvers in the EU as an effort to fight against "taxation without representation," and claimed that the GOI had "immediately delivered" on their promises by lifting their hold on Bank Melli and other EU sanctions. Hengel responded that we had seen readouts of the discussions, and noted that Acting U/S Dan Fried had spoken to Political Director Terzi April 22 to underscore that Italy must do more at the EU to move forward from a "minimalist" interpretation of UNSCR 1803. Formica acknowledged the conversation, and said Terzi was "fully committed," to robust UNSCR implementation and stopping Iranian proliferation. Formica added that there was "no question," Italy supported UNSCR 1803 as the common EU position, but cited "dynamics" at the EU that hindered a more robust implementation. Formica said the GOI was considering calling a meeting with German, French and UK reps in Brussels to forge a consensus on the way forward. Formica stressed that Italy was not blocking any EU action on UNSCR 1803 and affirmed that the GOI was committed to "enlarging UNSCR 1803's scope."

¶3. (C) Turning to the future of P5 + 1 negotiations with Iran, Formica said that the GOI is closely following the UK's proposals for gas and oil incentives with Iran. Hengel reviewed the Iran Sanctions Act and reminded Formica of strong US Congressional interest in ensuring the law is enforced. Noting that Chief ENI Operating Officer Scaroni will be traveling to Washington, Hengel said Scaroni will hear about our concerns. Hengel also repeated our objections to the new Iran contracts of the Italian Energy firm Edison. Adding that the USG has raised similar concerns with both Shell and Total, Hengel said the USG has made clear that this is not the time to be rewarding Iran with oil and gas contracts. Engagement with the private companies has produced results, Hengel said a Chinese company may now be canceling a new energy contract in China after hearing USG concerns. Raising Italy's own implementation of UNSCR 1803, Formica said that Italy has already moved to restrict entry into Italy for persons named in 1803 and said that the Bank of Italy and Ministry of Finance were working on a third warning to Banks based on UNSCR 1803 and the February FATF statement of principles.

¶4. (C) ECON Cons noted that we had seen reports that the Italian PSC rep in Brussels had not pushed for the February 28 FATF statement to be included as part of EU common policy and highlighted that this seemed incongruous with Italy's leading role at FATF meetings. Formica seemed genuinely surprised and called Italy's role at the February FATF plenary as "instrumental" in achieving the strongly worded statement. Turning to Gianluca Alberini, Formica said Alberini is the Italian MFA rep at FATF meetings, which, he said, is a signal of how seriously the GOI views the FATF process. After the meeting, Econoff spoke to Alberini who wondered aloud how well the Italian mission in Brussels understood the importance of the FATF statement and promised to follow-up with them.

¶5. (C) Formica closed the meeting by repeating that Italy "wants to be involved" in the Iran discussions and reminded Hengel that trade between Iran and Italy has declined by 21

ROME 00000523 002.2 OF 002

percent and that no new export credits have been issued to Iran in 17 months. Italy, Formica said, can "add value" to the Iran negotiations.

¶6. (C) Comment: Formica had nothing new to tell us, but he repeated Italy's commitment to stop Iran's proliferation efforts. We were surprised to see hesitancy by Italy's PSC rep to the EU on making the recent FATF statement a part of the EU common policy position. The GOI is proud of its leadership role at FATF and sees their activities as an example of how Italy can play useful role in broader discussions on Iran's non-proliferation activities. This message, however, likely did not make it to Brussels. End comment.

¶7. (U) Note: EEB DAS Hengel did not have an opportunity to clear this cable.  
SPOGLI